



**CITY OF EL PASO, TEXAS
BUILDING & PLANNING SERVICES**

MEMORANDUM

2004 FEB 12 11 12 37
CITY OF EL PASO, TEXAS

TO: The Honorable Mayor & City Council
Jim Martinez, Chief Administrative Officer
Adrian Ocegueda, Executive Assistant to the Mayor
Laura Uribarri, Executive Assistant to the Mayor

COPY TO: William A. Chapman, Deputy CAO for Financial Services
David R. Almonte, OMB Director
Alan R. Shubert, Director of Building Permits & Inspections
Irene D. Ramirez, Interim City Engineer
Lisa Elizondo, City Attorney
Terry Garcia, Asst. City Attorney
Richarda D. Momsen, Municipal Clerk

FROM: Patricia D. Adauto, Deputy CAO for Building & Planning Services

SUBJECT: Third Party Plan Review & Inspection

P. Adauto

DATE: February 11, 2004

On August 19, 2003, an ordinance amending Title 18 (Building & Construction Administrative Code) was presented to City Council that provides for the review of permit documents and the performance of inspections by approved third party companies. After much discussion, and by a vote of 5 to 4, the item was postponed for a period of six months in order to allow the implementation of some pending departmental improvements. This item will reappear on the City Council agenda on February 17, 2004. This memorandum is to provide you with the latest information on departmental efficiencies that have been implemented and others that are pending within the Building & Planning Services Team (EXHIBIT A, Departmental Permitting/Processing Efficiencies). Improvements in permitting and processing within the Departments of Building Permits & Inspections, Engineering, and Planning Research & Development are a high priority of the Mayor's Office, and have been given critically needed attention within the last six months. Additional improvements are contemplated within the short-, mid-, and long-term timelines identified. Much progress has been made to-date resulting in improved plan reviews and inspections at every level of these departments. This progress is continuously monitored and new initiatives will further support these ongoing efforts.

Due to the substantive progress that has been made thus far, it is the collective recommendation of the Building & Planning Services Team that the City not pursue a third party review and inspection option at this time. At a minimum, an additional six-month postponement is requested to put into

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action other identified improvements that will further the permitting/processing advancements made to-date. Our commitment to provide reliable, streamlined and cost efficient services remains a high priority in the Building & Planning Services Team, and our continued work to achieve a high standard of operations and customer service is foremost in our departmental missions. Community site visits and peer reviews are scheduled within the next few months, and participation of the El Paso Association of Builders will be encouraged at that time.

To assist you in your deliberations, I am attaching the following supplemental information provided you previously:

- EXHIBIT B Proposed Ordinance (An Ordinance amending Title 18 (Buildings and Construction) of the El Paso Municipal Code, by amending Chapter 18.02 (Building and Construction Administrative Code), by adding Section 18.02.101.4.9 (Third Party Plan Review & Inspection Services), and by amending Section 18.02.103.3 (Examination of Documents), Section 18.02.103.7 (Fees), and Section 18.02.108 (Inspections) to provide for the review of permit documents and the performance of inspections by approved third party companies. The penalty being as provided in Section 18.04.107 of the Code)
- EXHIBIT C Report on Third Party Plan Review & Inspections, and Recommendations (Terry Williams, March 17, 2003)
- EXHIBIT D Supplemental Memorandum (Patricia D. Adauto, July 11, 2003)
- EXHIBIT E Supplemental Memorandum (Patricia D. Adauto and William A. Chapman, August 15, 2003)

If approved, the proposed ordinance solely permits a third party review option. Future City Council action will be required to effect a third party agreement. Should you have any questions or wish to meet on this matter, please contact me at 541-4853 or Alan Shubert at 541-4431.

Office Use Only

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Representative District 7:	date: _____	time: _____	by: _____
Representative District 8:	date: _____	time: _____	by: _____

EXHIBIT A
BUILDING AND PLANNING SERVICES
Departmental Permitting/Processing Efficiencies

Timeline	Building Permits & Inspections	Engineering	Planning Research & Development
Initiatives Completed (prior 6 months)	<u>Issuance of laptop computers to 28 field inspectors.</u> Efficiencies: allows for on-site reporting, eliminates need for field notes and secondary data entry; allows for 8 hours of field inspections instead of 6 hours; increases productivity by 20% per field inspector.	<u>Implementation of concurrent plan review.</u> Efficiencies: shortens plan review period by eliminating consecutive review periods.	<u>Completion of land development application updates.</u> Efficiencies: added checklists for application handling and expediting.
Initiatives Completed (prior 6 months)	<u>Issuance of cell phones to 28 field inspectors.</u> Efficiencies: eliminates use of hand radios and allows for field contacts as needed; customers are given cell number of assigned inspector when inspection is requested, and all coordination is handled in the field; reduces reinspections required; allows for improved customer relations; increases productivity by 10% per field inspector.	<u>Creation of informational brochure series for traffic engineering aspects.</u> Efficiencies: increased customer relations; promotes education of code requirements.	<u>Completion of departmental web content update.</u> Efficiencies: posted applications, fee schedules, and meeting notices for improved customer relations.
Initiatives Completed (prior 6 months)	<u>Reassignment of construction field inspectors to satellite locations.</u> Efficiencies: increases productivity of 1.5 hours per day per inspector minimum; allows for inspection assignments to be retrieved and time recorded in field offices.	<u>Issuance of cell phones for construction field personnel.</u> Efficiencies: improves communication capabilities; reduces number of required trips to City Hall for assignments and project information.	<u>Partnered with GIS on technology needs.</u> Efficiencies: allows coordination to expedite geo-correction process of maps and plans.
Initiatives Completed (prior 6 months)	<u>Completed field inspector computer training.</u> Efficiencies: allows field inspector to log and record own findings at inspection sites and reduces errors made by direct inputting.	<u>Consolidated subdivision construction inspectors into the land development section.</u> Efficiencies: allows for more cohesive services; increases involvement of supervisors in decisions-making to expedite plan reviews; reduces subdivision plan review time from 15 days to 10 days.	<u>Executed AmeriCorps VISTA Volunteer program.</u> Efficiencies: allows needed assistance at neighborhood level activities & initiatives; promotes interagency coordination.
Initiatives Completed (prior 6 months)	<u>Redesigned plan routing process in plan review section.</u> Efficiencies: allows for concurrent review of plans with Engineering significantly reducing review time; plan review assignments are made each morning and monitored by supervisors to ensure progress is made; allows for continuous checks by supervisory personnel to ensure plans are handled; plan reviewers permitted to approve and issue permits in absence of supervisory personnel; plan review to permit issuance reduced to 3 days for new residential and tenant improvements, and 9 days for new commercial.	<u>Realigned design section personnel.</u> Efficiencies: allows coordination with consultants to respond to fluctuating workload demands; improves coordination of plan reviews.	<u>Provided computer access at front counter.</u> Efficiencies: allows improved customer service; increases public outreach efforts.

EXHIBIT A
BUILDING AND PLANNING SERVICES
Departmental Permitting/Processing Efficiencies

Timeline	Building Permits & Inspections	Engineering	Planning Research & Development
Initiatives Completed (prior 6 months)	<u>Implemented permits by appointment for Tenant Improvements.</u> Efficiencies: allows for meeting with prime designers, consultants, contractors, owners and plan reviewers to allow plans to be approved within 45 minutes to 1 hour.		
Initiatives Completed (prior 6 months)	<u>Implemented Customized Plan Review for new commercial projects.</u> Efficiencies: allows meeting with prime designers, consultants, contractors, owners and plan reviewers when design drawings are at 80% complete stage before plan submission; allows for resolution of any design issues to reduce plan review timeline; reduces plan review time by one-half in most instances.		
Initiatives Completed (prior 6 months)	<u>Provided training to contractors, builders and designers on use of web and Tidemark.</u> Efficiencies: allows for contractors, builders and designers to check permit status on-line; allows for comments to be addressed prior to resubmission for final plan check if corrections are needed; allows contractors to request inspections on the web.		
Initiatives Completed (prior 6 months)	<u>Implemented inter-departmental reviews with Engineering & Fire.</u> Efficiencies: allows for consistent responses on code regulations; allows for expedited resolution of internal conflicts; reduces plan review time by on-half in most instances.		
Initiatives Completed (prior 6 months)	<u>Expedited scheduling for revised plans due to failed initial plan check.</u> Efficiencies: allows for same plan reviewer to handle second reviews to maintain consistency; increases customer relations.		
Initiatives Completed (prior 6 months)	<u>Assigned one customer relations clerk to handle volume builders.</u> Efficiencies: allows volume builders to submit, obtain approval, and pay for multiple permits.		

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Timeline	Building Permits & Inspections	Engineering	Planning Research & Development
Initiatives Completed (prior 6 months)	<u>Created master plan review for volume builders.</u> Efficiencies: allows any standard design to be reviewed only once and plan review expedited.		
Initiatives Completed (prior 6 months)	<u>Implemented internal policy for missed inspections.</u> Efficiencies: allows customer relations supervisor to schedule missed inspections on next day priority status.		
Short-Term Improvements (next 30 days)	<u>Implementing full departmental cashiering.</u> Efficiencies: allows one-stop permitting process; improved customer service.	<u>Adoption of architect-engineer selection revisions.</u> Efficiencies: streamlines process through certification in multiple disciplines; adds technical expertise to evaluation & selection committees; increases value of projects where pre-certified companies may be utilized; shortens period for review and selection.	
Short-Term Improvements (next 30 days)	<u>Completion of departmental Tidemark implementation.</u> Efficiencies: allows for complete wireless computer capability.		
Short-Term Improvements (next 30 days)	<u>Publishing report of common errors and omissions of submitted plans.</u> Efficiencies: provides guidance to customers; allows reports to be analyzed.		
Mid-Term Improvements (next 6 months)	<u>Completion of full Tidemark implementation among all City Departments.</u> Efficiencies: allows for full integration of permitting process; improved customer service.	<u>Issuance of computer laptops for field personnel.</u> Efficiencies: enhances data gathering and project documentation; improves customer service; increases productivity.	<u>Evaluation of processes.</u> Efficiencies: expedite submittal and review of applications; streamlines operations; creates opportunities for customer-friendly improvements; allows for formation of inter-unit teams to guide departmental functions.
Mid-Term Improvements (next 6 months)	<u>Creation of customer service forms.</u> Efficiencies: solicits feedback and suggestions for department improvements; allows for tracking to measure satisfaction through Quality Management Practice (QMP).	<u>Creation of new informational brochures.</u> Efficiencies: increased customer relations; promotes education of code requirements.	<u>Implement Tidemark & GIS training.</u> Efficiencies: eliminates redundant collection of data; advances Internet technologies and communication; improved customer service.
Mid-Term Improvements (next 6 months)	<u>Implementation of QMP and Statistical Process Control measures.</u> Efficiencies: allows for control measures on failed inspections and failed plan submittals.	<u>Creation of FAQ's for distribution with departmental applications.</u> Efficiencies: improves customer service; assists with valid information to streamline permitting process.	<u>Creation of bilingual applications & brochures.</u> Efficiencies: improves customer service; creates user-friendly guides of departmental functions & processes.

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BUILDING AND PLANNING SERVICES
Departmental Permitting/Processing Efficiencies

Timeline	Building Permits & Inspections	Engineering	Planning Research & Development
Mid-Term Improvements (next 6 months)	<u>Implementation of unified team from BP&I, Planning & Engineering to streamline permitting process.</u> Efficiencies: combines related functions in one area to remove redundancy; streamlines permitting process; ensures accurate information is provided at initial visit; improves customer service.	<u>Implementation of a Consultant Performance Evaluation process.</u> Efficiencies: allows for performance evaluation during project design and construction; allows for improved management and accountability from consultants; reductions in construction change orders.	<u>Implementation of IVR system & web-based applications.</u> Efficiencies: improved customer service; allows for electronic transaction system and web payment of fees.
Mid-Term Improvements (next 6 months)	<u>Preparation of FAQ's for distribution with permit applications.</u> Efficiencies: improves customer service; assists with valid information to streamline permitting process.	<u>Institute peer reviews on design projects.</u> Efficiencies: allows for constructive design criticisms at onset of projects; reductions in construction change orders; results in better project	
Mid-Term Improvements (next 6 months)	<u>Preparation of bilingual permit and license application forms and permitting guide.</u> Efficiencies: improves customer service; adds value to permitting process.	<u>Creation peer evaluation panels.</u> Efficiencies: allows for customers to rate staff performance in various areas; tool used to improve processes, procedures and performance; improved customer service.	
Mid-Term Improvements (next 6 months)	<u>Implementation of departmental IVR system.</u> Efficiencies: improves telephone etiquette and customer service.		
Mid-Term Improvements (next 6 months)	<u>Implementation of E-commerce.</u> Efficiencies: allows payment of fees via the Internet; improves customer service; streamlines permitting process.		
Mid-Term Improvements (next 6 months)	<u>Implementation of departmental floor arrangement.</u> Efficiencies: arranges personnel and furniture to facilitate customer service; arranges like-functions in general work areas.		
Long-Term Improvements (1 year implementation)	<u>Partner with UTEP & EPCC to offer code education courses.</u> Efficiencies: improves customer service.	<u>Complete grading & engineering code amendments.</u> Efficiencies: streamlined procedures and processes; improved customer service; updated regulations to eliminate duplication.	<u>Complete zoning code amendments.</u> Efficiencies: streamlined procedures and processes; improved customer service; updated regulations to eliminate duplication.
Long-Term Improvements (1 year implementation)	<u>Commence a QMP process on permitting flow chart.</u> Efficiencies: creates streamlining opportunities within BP&I, Engineering & Planning; improves customer service.		

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BUILDING AND PLANNING SERVICES
Departmental Permitting/Processing Efficiencies

Timeline	Building Permits & Inspections	Engineering	Planning Research & Development
Long-Term Improvements (1 year implementation)	<u>Institute plan review and procedural changes as identified by QMP results.</u> Efficiencies: improves customer service; streamlines process; allows for training seminars on common errors.		
Long-Term Improvements (1 year implementation)	<u>Implement a customized plan review process for large construction projects.</u> Efficiencies: creates a plan review liaison(s) to allow for issue resolution.		
Long-Term Improvements (1 year implementation)	<u>Offer programming on public access television on permit procedures and requirements.</u> Efficiencies: improved customer service; publish common code issues and violations; information disseminated widely.		
Long-Term Improvements (1 year implementation)	<u>Complete building and licensing code amendments.</u> Efficiencies: streamlined procedures and processes; improved customer service; updated regulations to eliminate duplication.		

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AN ORDINANCE AMENDING TITLE 18 (BUILDINGS AND CONSTRUCTION) OF THE EL PASO MUNICIPAL CODE, BY AMENDING CHAPTER 18.02 (BUILDING AND CONSTRUCTION ADMINISTRATIVE CODE), BY ADDING SECTION 18.02.101.4.9 (THIRD PARTY PLAN REVIEW & INSPECTION SERVICES), AND BY AMENDING SECTION 18.02.103.3 (EXAMINATION OF DOCUMENTS), SECTION 18.02.103.7 (FEES) AND SECTION 18.02.108 (INSPECTIONS) TO PROVIDE FOR THE REVIEW OF PERMIT DOCUMENTS AND THE PERFORMANCE OF INSPECTIONS BY APPROVED THIRD PARTY COMPANIES. THE PENALTY BEING AS PROVIDED IN SECTION 18.04.107 OF THE CODE.

WHEREAS, The City Council of the City of El Paso, by Ordinance No.011837, established the Building and Construction Administrative Code to provide unified administrative requirements for the various technical codes of the City of El Paso; and

WHEREAS, the City Council created the Building and Zoning Advisory Committee, in part, to undertake a major revision to the Building Codes of the City, including the Building and Construction Administrative Code; and

WHEREAS, the Building and Zoning Advisory Committee has proposed amending the Building and Construction Administrative Code to permit the use of approved third party independent plan review and field inspection companies to provide the required review of permit documents prior to issuance of permits and to perform field inspections of work related to construction permits; and

WHEREAS, the Building Permits & Inspections Director has recommended and the Building and Zoning Advisory Committee has reviewed and favorably recommended amending the Administrative Code to allow the review of permit documents and the performance of inspections by third party companies; and

WHEREAS, the City Council of El Paso has deemed the proposed modifications appropriate for the City; and

NOW, THEREFORE, BE IT ORDAINED BY THE CITY COUNCIL OF EL PASO, TEXAS:

1. That Chapter 18.02 (Building and Construction Administrative Code) of the El Paso Municipal Code shall be and hereby is amended as follows:

A. A new Section 18.02.101.4.9 (Third Party Plan Review & Inspection Services) shall be added at the end of Section 18.02.101.4 to read as follows:

18.02.101.4.9 Third Party Plan Review & Inspection Services.

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18.02.101.4.9.1 Third Party Defined.

A third party plan review and/or inspection service, as used in this Chapter, shall mean that independent company authorized to perform plan reviews in conjunction with the issuance of permits for construction and/or field inspections for properly permitted construction projects under an agreement with the City of El Paso.

18.02.101.4.9.2 Agreement Procedure.

A company desiring to enter into an agreement with the City of El Paso to perform third party plan review and/or inspection services shall submit a request for consideration of its qualifications to the Building Permits & Inspections Director. Such request shall include supporting documentation as required by the Building Permits & Inspections Director. Companies determined by the Building Permits & Inspections Director to be qualified to perform the requested services shall execute an agreement acceptable to the City Attorney's Office. Such agreement shall be submitted to the City Council for approval. No third party plan review and/or inspection services shall be performed except under agreement with the City.

18.02.101.4.9.3 Agreement Conditions.

In addition to other conditions or terms as may be reasonably required, the third party agreement shall contain the following uniform provisions:

- A. A renewable term of five (5) years with a requirement of the submission of a request to renew the agreement not later than sixty (60) days prior to the expiration of the current agreement.
- B. A prohibition of the assignment of the contract or any portion thereof to another entity.
- C. A prohibition of discrimination in the employment practices of the third party service company.
- D. A requirement of the third party service company to remain current in the payment of all City taxes.
- E. A listing of the minimum qualifications, licenses and certifications of all employees performing plan reviews and/or inspections under the agreement, and the requirement to maintain such qualifications, licenses and certifications current.
- F. The rights of the Building Permits & Inspections Director or authorized designee to periodically audit the personnel and payroll records of the third party service company to verify continued compliance with the agreement.
- G. The rights of the Building Permits & Inspections Director or authorized designee to periodically perform or re-perform the plan reviews and/or inspections being performed by the third party service company under the agreement and to take appropriate enforcement actions as authorized under the agreement, this Chapter or the Technical Codes.
- H. A requirement to participate in appropriate City-sponsored or other code training as approved by the Building Permits & Inspections Director.
- I. Agreement to comply with all City of El Paso codes and ordinances.

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- J. Provision of indemnification, hold harmless and defense of the City against any and all claims related to the agreement or the services provided by the third party service company under the agreement.
- K. Provision of insurance with City of El Paso as an additionally named insured, as follows: commercial general liability in the amount of a minimum of \$1 Million each occurrence and \$3 Million aggregate, worker's compensation, vehicular, and professional error and omissions coverage. Such insurance shall be written by an accredited insurance company under the supervision of the Texas Board of Insurance Commissioners and approved by the City Attorney's Office.
- L. A prohibition of any other involvement in the development, design or construction industry, including but not limited to, providing design documents, performing any aspect of construction, providing construction materials or equipment, or any other direct involvement with a permit holder or construction company in El Paso.
- M. Basis for the termination of the agreement, including for default, cause, convenience or any failure of the third party service company to comply with the terms of the agreement or any lawful directive issued by the Building Permits & Inspections Director.
- N. The percentage of permit fee to be retained by the City to recover the costs of administering the third party agreement and the issuance of permits and other certificates.

18.02.101.4.9 Director's Responsibilities.

The Building Permits & Inspections Director is authorized and directed to administer and enforce the agreement with third party service companies. Such policy and procedures shall be reduced to writing and shall be available to the public upon request. In this capacity, the Director shall regularly audit the performance of third party service companies at any office location of a third party service company and any construction site within the City limits. Such audits may include performing plan reviews and/or field inspections of projects being serviced by a third party service company. The Building Permits & Inspections Director or an authorized designee shall periodically review the personnel and payroll records of third party service companies to ensure compliance with the agreement, this Chapter and the Technical Codes. Nothing in the agreement shall be construed as a waiver or release of any authority of the Building Permits & Inspections Director to enforce the requirements of this Chapter or the Technical Codes, including issuing Stop Work orders, correction notices, citations, etc. as necessary.

- B. Section 18.02.103.3 Examination of Documents is amended to read as follows:

18.02.103.3 Examination of Documents.

18.02.103.3.1 Plan Review.

The Building Permits & Inspections Director shall examine or cause to be examined each application for a permit and the accompanying documents and

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shall ascertain by such examinations whether the construction indicated and described is in accordance with the requirements of the technical codes and all other pertinent laws or ordinances. The Building Permits & Inspections Director may accept the results of such examination provided by an approved third party plan review service. Such third party plan review service shall be as established by contract with the City. (Ord. 13152 § 172, 1997; Ord. 11837 (part), 1994).

18.02.103.3.2 Architect/Engineer Affidavits.

The Building Permits & Inspections Director may accept a sworn affidavit from a registered architect or engineer stating that the plans submitted conform to the requirements of this Chapter and the technical codes. The Building Permits & Inspections Director may without any examination or inspection accept such affidavit, provided the architect or engineer who made such affidavit agrees to submit to the, Building Permits & Inspections Director copies of inspection reports as inspections are performed and upon completion of the structure, electrical, gas, mechanical or plumbing systems a certification that the structure, electrical, gas, mechanical or plumbing system has been erected in accordance with the requirements of the technical codes. Where the Building Permits & Inspections Director relies upon such affidavit, the architect or engineer shall assume full responsibility for the compliance with all provisions of this Chapter, the technical codes and other pertinent laws or ordinances. (Ord. 13152 § 173, 1997; Ord. 11837 (part), 1994)

18.02.103.3.3 Third Party Affidavits.

The Building Permits & Inspections Director may accept a sworn affidavit from an independent third party plan review service stating that the plans submitted conform to the requirements of this Chapter and the technical codes. Such independent plan review agencies and individuals shall be registered with the Building Permits & Inspections Department in accordance with the requirements as stated in the contract with the City. Where the Building Permits & Inspections Director relies upon such affidavit, the third party plan review service shall assume full responsibility for the compliance with all provisions of this Chapter, the technical codes and other pertinent laws or ordinances.

C. Section 18.02.103.7 Fees is amended by adding Subparagraph 18.02.103.7.7 at the end of the Section to read as follows:

18.02.103.7.7 Third Party Plan Review and Inspection Services Fees.

In the event of an agreement for third party plan review and/or inspection services established in accordance with this Chapter the City shall retain a percent of the permit fees in order to recover the administrative costs related to the permit issuance and oversight of such an agreement. Said percentages shall be outlined in the agreement with the third party plan review and/or inspection services.

D. Section 18.02.103.8.3 Inspection Service is amended to read as follows:

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18.02.103.8.3 Inspection service.

The Building Permits & Inspections Director may make, or cause to be made, the inspections required by this code. The Building Permits & Inspections Director may accept reports of inspectors of recognized inspection services provided that such services satisfactorily demonstrate their qualifications and reliability. In addition, the Building Permits & Inspections Director shall accept reports of inspection results submitted by approved third party inspection services. (Ord. 13152 § 194, 1997: Ord. 11837 (part), 1994)

E. Section 18.02.103.8.4 Inspections prior to issuance of certificate of occupancy or completion is amended to read as follows:

18.02.103.8.4 Inspections prior to issuance of certificate of occupancy or completion.

The Building Permits & Inspections Director shall inspect or cause to be inspected at various intervals all construction or work for which a permit is required, and a final inspection shall be made of every building, structure, electrical, gas, mechanical or plumbing system upon completion, prior to the issuance of the certificate of occupancy or completion. In lieu of such inspections, the Building Permits & Inspections Director may accept a report from an approved third party inspection service certifying the appropriateness of the issuance of a certificate of occupancy or completion. (Ord. 13152 § 195, 1997: Ord. 11837 (part), 1994)

F. Section 18.02.103.8.6 Required Inspections amended to read as follows:

18.02.103.8.6 Required Inspections.

18.02.103.8.6.1 General.

All construction or work for which a permit is required shall be subject to inspection by the Building Permits & Inspections Director and all such work shall remain accessible and exposed for inspection purposes until approved by the Building Permits & Inspections Director. Approval as a result of an inspection shall not be construed to be an approval of a violation of the provisions of this code or of the technical codes. Inspections presuming to give authority to violate or cancel the provisions of this code or other ordinances shall not be valid. It shall be the duty of the permit applicant to cause the work to remain accessible and exposed for inspection purposes. Neither the Building Permits & Inspections Director nor the city shall be liable for expense entailed in the removal or replacement of any material to allow inspection. A survey of the lot may be required by the Building Permits & Inspections Director to verify that the structure is located in accordance with the approved plans. In lieu of the Building Permits & Inspections Director performing these functions, the Building Permits & Inspections Director may accept the results of an approved third party inspection service performing such functions. (Ord. 13152 § 197, 1997: Ord. 12683 § 11 (part), 1996)

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18.02.103.8.6.2 Inspection requests.

It shall be the duty of the permit holder or his agent doing the work authorized by a permit to notify the Building Permits & Inspection Director or an approved third party inspection service that such work is ready for inspection. The Building Permits & Inspection Director may require that every request for inspection be filed at least one working day before such inspection is desired. Such request may be in writing or by telephone at the option of the Building Permits & Inspection Director. It shall be the duty of the person requesting any inspections required by this code to provide access to and means for inspection of such work. (Ord. 13152 § 198, 1997; Ord. 12683 § 11 (part), 1996)

18.02.103.8.6.3 Inspections.

The Building Permits & Inspection Director or an approved third party inspection service upon notification from the permit holder or his agent shall make the following inspections and such other inspections as necessary, and shall either release that portion of the construction or shall notify the permit holder or his agent of any violations which must be corrected in order to comply with the technical codes:

G. Section 18.02.103.8.7 Approval required amended to read as follows:

18.02.103.8.7 Approval required.

Work shall not be done on any part of a building, structure, electrical, gas, mechanical or plumbing system beyond the point indicated in each successive inspection without first obtaining a written release from the Building Permits & Inspection Director or an approved third party inspection service. Such written release shall be given only after an inspection has been made of each successive step in the construction or installation as indicated in Section 18.02.103.8.6. Portions of the work which do not comply with this Chapter or the technical codes shall be corrected and such corrected work shall not be covered or concealed until authorized by the Building Permits & Inspection Director or an approved third party inspection service. Any construction work, whether permitted or not, which has been covered prior to approval may be required to be reopened for inspection. There shall be a final inspection and approval of all buildings, structures, electrical, gas, mechanical, plumbing or fire protection systems when completed and ready for occupancy or use. (Ord. 13152 § 200, 1997; Ord. 12683 § 12, 1996; Ord. 11837 (part), 1994)

18.02.103.8.7.1 Notice of inspection results.

Upon completion of any regular or special inspection, the inspector will leave the following notice:

1. When inspection is approved, the inspector shall date and initial the permit inspection card in the appropriate space, or in those instances in which a special inspection on a project requiring no job inspection record, the inspector shall furnish to the person in charge of work an inspection approval card.

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2. When inspection is not approved, a disapproval card also known as a red tag will be left on the jobsite at the location of the permit inspection record. Reasons for disapproval shall be noted on reverse of the red tag.
3. A correction notice may be left in lieu of a red tag for minor corrections which do not warrant disapproval or re-inspection. Failure to respond to such requests may be a basis for a later disapproval.
4. When the electrical inspector or plumbing inspector finds the installation to be in conformity with the provisions of the appropriate technical codes, a Building Permits & Inspections Department inspector shall issue to the person, firm or corporation making such installation, an electrical or gas service release tag number, authorizing the use of such installation and connection to the supply of electricity or gas as applicable, and may send written notice of such authorization to the agency supplying the electrical or gas service. When there is no new service release as part of the permit, a certificate of approval will be issued if requested by the permit holder.
5. When a service release number is issued to a contractor authorizing the connection and use of a temporary installation, such release shall be revocable by the Building Permits & Inspection Director for cause and shall be otherwise valid only until the service is transferred to owner or tenant control. The utility company shall notify the Building Permits & Inspection Director when the service is transferred to owner or tenant control.
6. Building Permits & Inspections Department inspectors are authorized to attach to electrical or gas equipment any official notice or seal to prevent the unlawful use of electricity or gas; and it is unlawful for any person who is not a building services department inspector to place or attach any such notice or seal, or to break, change, mutilate, cover, deface or injure any such official notice or seal posted by building services department inspector. (Ord. 13152 § 201, 1997: Ord. 11837 (part), 1994)

2. Except as herein provided, Title 18 (Building and Construction) shall remain in full force and effect.

PASSED AND APPROVED this ____ day of _____, 2003.

THE CITY OF EL PASO

Joe Wardy - Mayor

ATTEST:

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Municipal Clerk

APPROVED AS TO FORM:

Teresa Garcia, Assistant City Attorney

APPROVED AS TO CONTENT:

Terry Williams, AIA, CBO, Director
Building Permits & Inspections

18.02 THIRD PARTY REVIEWS - 7

BUILDING PERMITS & INSPECTIONS DE

March 17, 2003

TO: **HONORABLE MAYOR CABALLERO and CITY COUNCIL**
FROM: **TERRY WILLIAMS, DIRECTOR**

SUBJECT: **REPORT ON THIRD PARTY PLAN REVIEW & INSPECTIONS
AND RECOMMENDATIONS**

The following is a report of the analysis undertaken by Building Permits & Inspections (BP&I) regarding the implementation of third party plan reviews and/or inspections.

BACKGROUND:

The last several administrations have suggested that BP&I find a means to allow for some privatization of the services we provide. Until now, that has not been possible as there have been no companies in El Paso qualified or willing to perform either the plan reviews or inspections. That changed in October, 2002 when we were approached by Lester Bennett of West Texas Inspection Services who indicated that he was interested in starting a new company in El Paso to provide third party plan reviews and inspections. He provided information on how third party was working in Fort Worth. He indicated that there are several third party companies in the Dallas-Fort Worth Metroplex area and that they are providing this service to many cities in that part of Texas. We also understood that San Antonio and Austin have third party programs.

INVESTIGATION:

The cities of Fort Worth, San Antonio, Dallas, Houston and Austin were contacted regarding Third Party Plan Reviews. Below are the results of those contacts.

Fort Worth:

The City of Fort Worth undertook a Plan Review survey at the end of 2002. See attached. Of the respondents, only Fort Worth and Grapevine accepted Third Party plan review; Irving, Arlington, Carrollton, Waco, Richardson, Garland, and Plano do not accept third party plan reviews. The Building Official of Fort Worth gave us two valid reasons for using the third party approach: first, they were experiencing a 30% increase in the volume of work and could not handle it with current staffing (the third party companies essentially took the excess from the City's workload) and second, the cost to hire and train a qualified combination residential inspector was becoming extreme (and the competition between cities in the Metroplex area for qualified staff often meant that trained inspectors left after a few years for better pay at another entity). He also said that he anticipated other cities to follow Ft. Worth's lead on third party programs because of these two reasons.

Arlington:

Arlington indicated plan review turnaround times of: New commercial = 10 days, commercial remodels = 4 days, new residential = 2 days. (Times were recorded prior to

starting energy code plan reviews.) Arlington's total dollar valuation for construction for last year was slightly more than El Paso's. Plan review turnaround times will be shown in this report to be a key measurement tool in evaluating the need for third party help.

Dallas:

The City of Dallas has studied the use of third party plan reviews, but rejected the idea. They found that there was no need for providing such options as their plan review turnaround times were satisfactory to the local construction industry. Dallas indicated that they felt that Fort Worth was forced to go to third party plan reviews and inspections due the poor performance of the Fort Worth Building Dept. In Fort Worth, it was alleged that the Building Industry went directly to the City Council to get third party plan reviews as an alternative to improve Fort Worth's plan review and inspection performance. That has been confirmed by Lester Bennett of West Texas Inspection Service. Dallas indicated that they felt strongly that the third party approach would only work if there were at least three or four third party companies to ensure some industry self-policing.

San Antonio:

The City of San Antonio has also study the use of third party plan review services. They concluded that this was too difficult to adequately police third party companies to ensure compliance without collusion of the third party entity with the contractors. Instead, San Antonio found that it was more cost effective to hire additional staff to improve the level of services provided by the City rather than to go with third party reviews.

Houston:

Houston is currently underway with an Ordinance change that will permit third party plan reviews and inspections. (BP&I is attempting to get copies of their proposed ordinance and contracts.) Their new ordinance is pending City Council approval. It was initiated at the request of the construction industry, primarily the homebuilders. Houston believes that they have good plan review turnaround times, but the industry is seeking an alternative. Houston is not going to allow the plumbing portion of the work to be inspected by third party inspectors to avoid any problem with the State Plumbing Examiners Board. (El Paso has not yet determined a legal way to accomplish this that is not cumbersome.) This, of course, complicates the inspection process and could lead to some overlapping or omissions of work inspected. It will also mean that the City will still have to visit the construction sites of projects being handled by third party companies at least three different times. That appears to be an inefficient approach.

Austin:

No response yet, but we understand that they do not allow third party reviews or inspections.

Private Company:

Lester Bennett also gave his observations regarding starting a third party plan review and inspection alternative in El Paso. He felt that his company's workload would likely expand to a large market share. He felt confident that his company would grow to at least 50% of the City's current new residential work and 10% of BP&I's commercial workload. He indicated that his company would likely pay better than the City in order to keep good, qualified employees. (However, we understand that they will likely not provide health insurance or pension options for their employees.) He plans to hire

employees that are as experienced and qualified as those employed by BP&I. He feels that the consultant approach would probably cost the City more than the free market approach. It is probable that some of his employees would be former or retired employees of the Department or those that could be lured away from their current jobs.

PURPOSE:

In order to determine valid reasons for undertaking a third party approach, BP&I analyzed the quality and timeliness of the services currently being provided by the City.

We have provided next day inspections for several years now, and although there may be occasional glitches in the system, next day inspections are reality in El Paso. This level of service surpasses many other cities in the Southwest and is a source of pride within the department. Again, except for spikes in our workload levels, there have been very few criticisms of this portion of the services we provide. El Paso expects to further improve the inspection request process with a computerized phone dial-in system that will be able to receive inspection requests and dispense inspection results around the clock from any touch tone telephone. Money was allocated for this add-on system in this fiscal year's budget, so we anticipate having this on line by summertime.

On the Plan Review side, BP&I has received ongoing complaints about the length of time required to obtain permits from the Department. Some of those complaints have been valid despite the Department Management's best efforts to improve turnaround times. With the approved FY'2003 Budget, BP&I was granted two new Plan Reviewer positions. Those were hired before the end of the year and have already had a positive effect upon the service we provide.

In January, the Director evaluated the recent turnaround times for 40 single family projects that received permits in the last quarter of 2002. These were chosen by Tropicana (20) and by the Department (20) to ensure fair representation of the cases. The results were mixed, but demonstrated that the Department was not meeting its goals for turnaround times for this type of project. The average first review time was 11.4 working days and the issuance time was 18.4 working days. We discovered that there were four distinct reasons for these results.

1. On average it took 3.4 days from receipt of the documents by the Permits Counter to get them into the hands of the initial plan reviewer. The Department's policy of holding the documents until we receive confirmation from the Tax Office that the plan review deposit has been paid was adding that many days to the process. This will be totally eliminated once the Department is able to complete the implementation of full cashiering on the Fifth Floor. In the meanwhile, the policy has been suspended and documents are being moved across the floor twice per day without delay. If the deposit is not paid, the process is then stopped before the review process is completed.

2. After the initial review was completed, the average for these 40 projects was another 7 working days before the corrections were made and the permits were issued. After some study, the Director found that the Plan Review Division had suspended making courtesy phone calls to the applicants to advise them of the project's status. That was immediately reversed. Applicants are now telephoned the same day that the

initial review is completed and told if the permit can be picked up or if revisions are needed. This has had an immediate impact on turnaround times.

3. On some projects it was found that the subdivision had not been approved at the time the plans were submitted for permit. These projects added unfairly to the average turnaround times as the applicants know that permits cannot be released until the subdivision has been approved. Future analyses of this type will factor such projects out of the averages to ensure fairness in reporting results. Plans may be submitted early and held once ready for permit release, but should not be counted against the Department's turnaround time levels.

4. Also, on some projects, we found that although the permits were ready for issuance that several days passed before these were actually completed by the applicants. It was apparent that some plans had been submitted before the contractor was actually prepared to continue with the project. Again, future analyses will concentrate upon the portions of the turnaround time that are controlled by the City and will reflect the number of days between receipt of application to ready-to-issue date instead of the actual issuance date as other factors may delay the issuance of permits.

In February, the Department again analyzed the turnaround times. In that report, we looked at every single family application received between August 1 and Dec. 31, 2002. There were 1227 applications for new single family residences in this time period. Of those, 1054 were processed through to issuance and 173 remained in the system at year's end. The median turnaround time for initial plan review for these projects was 9 working days and for permit issuance was 19. The average turnaround time for initial plan review was 12 working days and for permit issuance was 26.

We also looked at the January new residential applications for comparison. The results showed good improvement with the initial review time down to 5 working days (average and median). The average application receipt to ready-for-issuance times were reduced to 11 working days with the median reduced to 10 working days. The changes in internal procedures were enacted during the month so the full effect of these will not be seen until future reports.

The bottom line for consideration of any third party program has to be the third party's ability to produce better turnaround times than the City. It is only under those circumstances will the City or the Industry be willing to pay for the improved service. It seems apparent that, at least initially, a third party entity should be able to better the City's current 5 day initial plan review time. If that can be assured, then the City should consider privatizing some of the work in some form of contract with a third party company or companies.

It should be noted that the City cannot reasonably achieve the same low level of turnaround times as is possible with a third party company because of the volume, complexity and nature of the services provided. It is expected that the third party companies would be most successful providing services to the volume homebuilders and possibly some of the custom, middle-to-upper end builders. That is the easiest, most straight-forward and least complicated of the work BP&I does. Dealing with "Mom and Pop" customers that have no idea of codes and City requirements, takes patience

and great deal of time, yet that is a vital portion of the services we provide to the public. I do not foresee the City finding private companies to perform that type of work.

Of course, any significant reduction of workload volume due to the assistance of third party companies will enable the Department to speed up the turnaround times of all other projects in the stream. In this way, all customers could benefit from the impact of a third party program.

Lastly, this program assumes, as a minimum, the same level of Code compliance and enforcement as is presently provided by BP&I staff. The safety of the public remains BP&I's highest concern. That cannot be subjected to compromise in any degree.

OPTIONS:

1. THIRD PARTY – FREE MARKET APPROACH

Under this approach, the City would allow for private companies to vie for contracts with the City to perform both plan reviews and permit-related inspections for certain types of construction projects. Under this arrangement, the property owner or contractor would decide to utilize the City or the third party company to perform the plan reviews and/or the field inspections for their project. The free marketplace would determine the cost for such expedited services. The City, under a third party agreement, would accept the results of the third party's work for the work performed. The City would continue to issue all permits and all Certificates of Occupancy. The City would continue to review all projects for compliance with the Zoning Ordinance and other selected elements that would be beyond the third party company's ability. The contract for third party companies will be subject to review and approval of the City Council as with any other contract of the City.

As part of the agreement, the third party would be paid a defined percentage of the permit fees received by the City for the projects on which they provide services. The third party would be free to negotiate an additional amount with the property owner or contractor if it so chooses. The City would perform continuous checks upon the quality and accuracy of the work performed by the third party, including redoing plan reviews and re-inspecting work as the City sees necessary to ensure that the Codes are being adequately applied and enforced by the third party entity. The contract between the City and third party company could be voided if a defined number of errors are detected during the City's auditing of the third party's performance. If the contract were to be voided, the third party's work would no longer be accepted by the City, essentially putting them out of business in El Paso. The details would have to be carefully crafted in the agreement to provide reasonable protection for both parties against abuses by the other entity.

2. THIRD PARTY – CONSULTANT APPROACH

Under this approach, the City would allow for private companies to vie for contracts with the City to perform plan reviews and permit-related inspections for certain types of construction projects. The third party company(ies) would be selected by an Request For Proposal (RFP) approach. Under a consultant contract arrangement, the City would determine the extent of work to be done by the third party company. The City would

also determine which projects would be eligible for third party review and which part of the plan reviews and/or the field inspections for those projects that the third party consultant would perform. The City Council would ultimately review and approve the contract to provide these services. The City would determine the cost for such expedited services and how the costs would be paid. The City, under a third party agreement, would accept the results of the third party's work for the work performed. The City would continue to issue all permits and all Certificates of Occupancy. The City would continue to review all projects for compliance with the Zoning Ordinance and other selected elements that would be beyond the third party company's ability.

After some preliminary discussions with the probable vendor for such services, it was established that the fees to be charged by the third party company would likely be in the neighborhood of 150% of the current City permit fees. This would constitute a cost to the City for using the third party approach. That would be necessary as the third party company will have to make a profit, pay for insurance coverage to protect the City from liability, and cover other overhead amounts.

3. INCREASE BP&I STAFFING:

The third option is to follow the same approach as San Antonio – that is, to provide additional staffing resources to the BP&I in lieu of spending more money for third party companies. This would create added full time permanent employees to the Plan Review Division. Further study will be needed to determine the number of additional staffing required and possible impacts to the plan review turnaround times.

This option will require a survey of other comparable cities to determine the ratios of plan reviewers to projects, population, dollar volume of permits, etc. BP&I is preparing to undertake such a survey. (Dallas had been performing this survey effort in the early 1990's, but has discontinued that work.)

4. PLAN REVIEW ONLY CONSULTANT

If the area needing third party assistance is in plan review, then the City should consider creating a mechanism to improve the plan review without unnecessarily risking change to the inspection process. Under this option, the City would hire a third party company by a Request For Proposal (RFP) approach. The RFP would detail the work to be done by the third party plan review company. The City Council would ultimately review and approve the contract to provide these services. The City would determine the cost for such expedited services and how the costs would be paid. The City, under a third party agreement, would accept the results of the third party's work for the work performed. The other details from above would be applicable.

FINANCIAL IMPACT:

The potential for loss of work (and revenue) is estimated at between 50% to 75% of the City's current new residential workload. That is, for 2002, the City produced 3003 permits for new residential work, including 2, 3 and 4 family units. The total building permit fees for this work reached \$1,160,000. The average fee revenue for a single family residence in 2002 was approximately \$500 per home including electrical, plumbing and mechanical permit fees.

Under the Free Market Option:

If the third party company provides both plan review and inspections (which is likely), they would receive 80% of the City's permit fees as currently proposed. That is around \$400 for each project.

Assuming a range of from 50% to 75%, the number of projects handled by the third party company could be between 1,500 and 2,250 projects each year. The potential loss in revenue could be between \$600,000 and \$900,000 (at \$400 per project).

Under the Consultant Option:

A third party company willing to enter into a contract with the City for consultant services could possibly charge as much as 150% of the amount they would receive under the Free Market Option. That would result in costs totaling between \$900,000 to \$1,350,000 per year (at \$600 per project).

Under the Expand BP&I Option:

The cost to the City cannot be estimated at this time without further review.

Under the Plan Review Consultant Option:

The portion of the current permit fee that is related to plan review is 20% of the total permit fees. As the average residential project has fees of \$500, the plan review portion averages \$100.00 per project. If the City were to agree to hire a consultant to provide plan review services for 50% of the residential projects, that would amount to $1500 \times \$100 = \$150,000$. This amount may not be adequate to ensure that an independent third party plan review service could afford to operate in El Paso. If the City and third party company agreed to a higher amount (maybe as much as 150% of the plan review permit portion), the City would need to find a way to offset that added cost (maybe as much as an additional \$75,000).

Solutions:

To provide for these potential costs to the City, the following alternatives could be considered:

1. Reduce BP&I staffing:

Although all of the costs cannot be overcome by this option, BP&I understands that some reduction in force will be required under either of the third party options outlined. In anticipation of this, management has voluntarily placed four, currently vacant positions, "On Hold". The total cost savings of eliminating these four positions will be \$182,000 annually (FY"2003 figures). The Department will also likely reassign some Residential Inspectors to the Enforcement Division to assist with the housing complaints and condemnation efforts there. Deeper cuts in staffing will probably not be possible without reducing the current level of services provided to our other customers. The Department will also need to add job tasks to current employees related to the monitoring of the third party company to ensure compliance with the contract.

2. Increase Permit Fees:

The City is already underway with a proposed increase to the fees charged for various permits. However, an increase in fees, either across-the-board or in specific permit categories, could be used to offset some of the costs and loss of revenues associated

with the third party program approaches. For instance, a change in the basic construction valuation for residential projects from the current \$27.00 per square feet to \$37.00 per square feet (an increase of 36%) would result in an increase of approximately \$418,000 annually (based upon 2002 figures). The suggested valuation for residential construction used throughout the SBCCI areas is \$47.00 per sq. feet. Such an increase coupled with the staffing savings would completely offset the \$600,000 lower limit of the Free Market approach, but would not be adequate to cover the higher possible level of free market nor the consultant approach.

An across-the-board increase of between 16% to 20% would be needed to offset all estimated costs and revenue losses for the free market approach, assuming utilizing the staffing reduction. The increases would have to be 11.5% higher (between 27.5% and 31.5%) to offset the expected costs, etc of the consultant approach.

It is also possible that a combination of these options could be found that would result in different financial impacts to the City. The various scenarios possible will require more time to analyze.

RECOMMENDATIONS:

The details of this report raise more questions than answers. It seems obvious that the appropriate approach given the extent of the unresolved issues is to delay any action at this time and to continue to discuss and investigate this matter. Accordingly, I encourage City Council to delete this item in its current form from Tuesday's agenda. BZAC should be afforded additional time to review these issues and confirm/modify its recommendations. This is the first attempt ever by the City to privatize a part of the services provided Building Permits & Inspections and we need to be certain that the method selected will achieve the desired objectives while avoiding the possible pitfalls. There is no reason to rush into this. To take even a couple of months more to definitively establish the right approach, is preferable to moving ahead without the answers and regretting that decision later.



**CITY OF EL PASO, TEXAS
BUILDING & PLANNING SERVICES**

MEMORANDUM

TO: The Honorable Mayor & City Council
Jim Martinez, Chief Administrative Officer
Laura Uribarri, Executive Assistant to the Mayor
Adrian Ocegueda, Executive Assistant to the Mayor

COPY TO: William A. Chapman, CFO & CAO for Financial & Administrative Services
David R. Almonte, OMB Director
Said Larbi-Cherif, Asst. Director of Building Permits & Inspections
Gonzalo Cedillos, City Engineer
Terry Garcia, Asst. City Attorney

FROM: Patricia D. Adauto, Deputy CAO for Building & Planning Services
P. Adauto

SUBJECT: City Council Agenda Item, July 22, 2003

DATE: July 11, 2003

This memorandum supplements the backup information provided by the Building Permits & Inspections Department for the following item that has been scheduled for City Council action as noted above.

**AN ORDINANCE AMENDING TITLE 18 (BUILDINGS AND CONSTRUCTION) OF
THE EL PASO MUNICIPAL CODE, BY AMENDING CHAPTER 18.02 (BUILDING**

Office Use Only			
Mayor's Office (3 copies):	date: 7-11-03	time: 10:46	by: <i>Adrian Ocegueda</i>
Representative District 1:	date: 7/11/03	time: 10:46	by: <i>Adrian Ocegueda</i>
Representative District 2:	date: 7/11/03	time: 10:46	by: <i>Adrian Ocegueda</i>
Representative District 3:	date: 7-11-03	time: 11:46	by: <i>Adrian Ocegueda</i>
Representative District 4:	date: 7-11-03	time: 10:46	by: <i>Adrian Ocegueda</i>
Representative District 5:	date: 7-11-03	time: 10:46	by: <i>Adrian Ocegueda</i>
Representative District 6:	date: 7-11-03	time: 10:46	by: <i>Adrian Ocegueda</i>
Representative District 7:	date: 7-11-03	time: 10:46	by: <i>Adrian Ocegueda</i>
Representative District 8:	date: 7/11/03	time: 10:46	by: <i>Adrian Ocegueda</i>

AND CONSTRUCTION ADMINISTRATIVE CODE), BY ADDING SECTION 18.02.101.4.9 (THIRD PARTY PLAN REVIEW & INSPECTION SERVICES), AMENDING SECTION 18.02.103.7 (FEES) AND AMENDING SECTIONS 18.02.108 (INSPECTIONS) TO PROVIDE FOR THE REVIEW OF PERMIT DOCUMENTS AND THE PERFORMANCE OF INSPECTIONS BY APPROVED THIRD PARTY COMPANIES. THE PENALTY BEING AS PROVIDED IN SECTION 18.04.107 OF THE CODE.

Attached for your review and information is a comprehensive memorandum submitted by the Building Permits & Inspections (BP&I) Department to City Council in March 2003. This memorandum identifies many of the issues surrounding third party plan review and inspection that resulted in a postponement of the ordinance consideration earlier this year. While many policy arguments may be made to justify such a program, I would also like to highlight for City Council consideration a few administrative concerns.

First, third party work that may be performed locally may further deplete the staffing resources of the BP&I Department. Currently, 14 of 113 positions are proposed to remain vacant in the Department during fiscal year 2004. It will become increasingly difficult to fill these and other vacancies created by the use of third party plan review and inspection due to salary increases and other benefits that may be offered to individuals already in the City workforce or who would consider City employment. Although third party review may expedite the processing of certain permitting functions, this assistance will not justify the permanent disposition of all vacant or other positions in the BP&I Department. It is important to note that any further reduction in the staffing of the Department may impact the current level of service provided to customers not wishing to utilize third party companies, and to other permitting, licensing and enforcement functions of the Department.

Secondly, third party work will decrease the permitting revenue received by the City annually. The loss is estimated between \$600,000-800,000 and is dependent on how third party agreements are executed. It is anticipated that up to two-thirds of the residential permitting work (that conducted by volume builders) may utilize third party plan review and inspection to expedite the processing time. As part of execution of any third party agreement, City Council may wish to consider increasing permitting fees to cover the potential revenue loss. Dependent on the increase amount, this option may increase the cost of development in the community and particularly among customers whom may least afford an increase. Another option may be to increase the allocated percentage to be retained by the City pursuant to any third party contract approved by City Council. These alternatives will be further studied in the next week to provide City Council with ample information and options on the matter. The cost to fill all current vacancies in the BP&I Department is approximately \$480,000.

As presented, the proposed code amendment will permit a third party review option. Future City Council action will be required to effect a third party agreement. Should you have any questions or wish to meet on this matter, please contact me at 541-4193 or Said Larbi-Cherif at 541-4557.



**CITY OF EL PASO, TEXAS
BUILDING & PLANNING SERVICES**

MEMORANDUM

TO: The Honorable Joe Wardy, Mayor
Jim Martinez, Chief Administrative Officer

FROM: Patricia D. Adauto, Deputy CAO for Building & Planning Services *P. Adauto*
William A. Chapman, CFO & CAO for Financial Services *WAC*

SUBJECT: Third Party Plan Review & Inspection Option

DATE: August 15, 2003

In order to provide the most up-to-date information regarding a third party plan review and inspection option for the City, an independent survey of other communities was conducted by the Office of Management and Budget (OMB). This survey supplements the information previously provided by the Building Permits & Inspections (BP&I) Department dated March 2003. Summarily, from a total of twenty-eight communities contacted in Arizona, California, Florida, Nevada, New Mexico and Texas, the research is indicative of the following:

- With exception of Fort Worth, Texas, no other comparable major city uses a third party plan review and inspection option. In most of these communities, third party plan review and inspection had either been used and terminated or studied and rejected.
- Initial plan review and inspection turn-around times are similar to that in El Paso. In Fort Worth, although third party plan review and inspection has been used since 1998, turnaround times average five (5) working days for initial plan review and two (2) working days for field inspections. This compares to current turnaround times in El Paso of five (5) working days for initial plan review and same-day inspection service. In all cases, it was agreed that measurement of the turnaround times is hugely impacted by the delay of a customer to submit accurate permit documentation and then timely responses for corrections.
- The volumes of permits handled in these communities are inconsistent, making local comparisons difficult. For example, unlike the increased and sustained permitting volume in El Paso over the last three (3) years, most communities are reviewing far fewer new building applications annually due to economic constraints. Where volumes have declined, community efforts have been concentrated at reducing turnaround times.

The Honorable Joe Wardy, Mayor
August 15, 2003
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- Reasons given for either abandoning or rejecting a third party plan review and inspection option deal mainly with concerns of liability, unsatisfactory levels of improvement in services, diminished permitting revenues to the community, increased costs of managing and auditing the program, and impacts to staffing levels within the City organization.
- Permitting fees currently charged in El Paso are substantially lower than in other metropolitan areas of comparable size. This is likely based on a higher per capita income scale in other areas than exists locally. Any increase to the permit fees will be studied using activity based costing.
- In the communities offering a third party plan review and inspection option, a significant increase in public expenditure was required to properly administer the program. This includes hiring of new employees or the dedication of current personnel to undertake the functions retained by the municipality under an expedited process.
- A general consensus is that the success of a third party option is dependent on some industry self-policing. This would mean that services by more than one third party company would be preferable.
- In Texas, much of the plumbing portion of the work to be inspected is maintained as a function of the municipality due to requirements of the State Plumbing Examiners Board. Depending on the mechanism selected for retaining this work locally and how public funds are expended, it may require that hiring of third party companies follow the mandated procurement provisions (a Request for Proposal approach).

In addition, a re-evaluation of the financial impact to the City due to a loss of permitting revenues was also conducted. The research indicates that the initial estimate ranging from \$600,000-800,000 provided by the BP&I Department is accurate. This estimate is based on information obtained by the development industry that at least two-thirds of the current residential permitting work (that conducted by volume builders) would likely utilize a third party plan review and inspection option. Should revenues be reduced, this will place a further burden on the City's fiscal resources. It is important to note that any further reduction in the staffing of the BP&I Department may impact the current level of service provided to customers not wishing to utilize third party companies, and to other permitting, licensing and enforcement functions of the Department. An argument made by the building industry has been that an improvement in turnaround times will result in more permits handled each year. Locally, it should be pointed out that turnaround times for initial plan reviews have been substantially improved from approximately thirteen (13) days to five (5) within the last few years. Also, the number of permits received each year is largely market-driven and no direct correlation or quantification may be made using turnaround times.

The Honorable Joe Wardy, Mayor
August 15, 2003
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Based on the research conducted, our recommendation is that the City not implement the use of a third party plans review and inspection option at this time. Instead, we suggest that opportunities for staff augmentation that is need-based be further evaluated and a plan of action be developed for implementation. This includes mechanisms for providing expedited service and identifying the financial means by which such service may be provided.

Whether or not City Council approval of third party plan reviews and inspection is received, our departments will continue to evaluate the services provided by the BP&I Department so that customer service remains a high priority, procedures are streamlined, and efficiencies are identified and implemented. As scheduled, the proposed code amendment will permit a third party option and future City Council action will be necessitated to effect a third party agreement. Attached is the matrix of research compiled on this subject by OMB. Should you have any questions, or wish to meet on this matter, please let us know.

	Arlington	Austin	Texas Carrollton	Dallas	Fort Worth
Contact Name, Title Contact Number	George Madison, Assistant Director 817-459-6501	Janet Gallegar, Building Official 512-974-2089	Brett King, Assistant Building Official 972-466-3157	Larry Holmes, Assistant Building Official 214-948-4330	Al Godwin, Building Official 817-671-7851
Use of TPA	No	In the past Austin experimented with using TPA for wallboard, insulation, and energy inspections. Yes, but only for Foundation inspections, which are approved by a licensed Engineer. If there is a problem Engineer is responsible.	No	Yes, but only for Energy Code and Backflow Testing. State recently mandated localities to comply with International Building Code's energy inspections requirement. Dallas contracted this out because they have only one inspector that is certified.	Yes
Number of Companies	N/A	N/A	N/A	Not mentioned	Seven
Length of Use	N/A	N/A	N/A	Not mentioned	Since 1998
Responsibilities Retained	N/A	N/A	N/A	Only the above mention portions were farmed out, the rest remained with the Department	Third Party cannot do Zoning and Fire code. The City still retains the paperwork portion. Third party simply conducts plan review and inspections. However, City Building Permits is required to perform 10% quality control inspections.
Fees Retained	N/A	N/A	N/A	Only the above mention portions were farmed out, the rest remained with the Department	City Building Permits receives 20% of normal permit fees charged to builder. The builder then pays the third parties their own fees charged.
Additional Duties Since Inception	N/A	N/A	N/A	None Mentioned	Administrative portion has increased significantly. City Building Permits must ensure that the company does not have a conflict of interest with Third Party. Additionally, they have had to create a database of inspectors employed with the third party and ensure that these inspectors meet all City qualifications. Third Party must fax inspections for the day to City and a City Inspector will follow up on one out of ten. This process took approximately two years to put into place and is still being perfected to date.
Third Party Portion	N/A	N/A	N/A	N/A	Approximately 40% of all Building Permit activity (both residential and commercial) are completed through a third party administrator.
Vas Study Done	No formal study was completed. They have been approached about a conversion, but have been against this form of outsourcing. However, they did travel to Fort Worth to discuss the program's benefits.	Not mentioned	No official study has been completed. However, they have considered the use of a Third Party Administrator.	Not mentioned	No - the demand from the industry caused City Officials to adopt this process

	Arlington	Austin	Texas Carrollton	Dallas	Fort Worth
Synopsis of Study	Department found that this program would not work for the City of Arlington. There are many reasons for this conclusion. First, the city combines the personnel and inspection process to be all-inclusive. Second, the Third Party Administrators are proposing to assume only the large ticket commercial and residential items, leaving the smaller items to the City. This would severely damage revenue influx. Similar to El Paso, the Department's money is made on the large ticket items. Third, Arlington has experienced consistency and certification issues with Third Party Administrators first hand, as they are very close in proximity to Fort Worth.	Not mentioned	The department feels that they are a profitable entity that should not be changed. There is tough competition within the Dallas Metropolitan Area, moving to a TPA might hurt the possibility of future businesses relocating to their City. The department is one of the better Building Services Divisions within the Dallas Area. They have one of the best turnaround times in the area as well.	Not mentioned	N/A
Special Services	The City has recently begun to incorporate energy inspections into their department. Additionally, the City Council has recently passed a new plan review code. This has lengthened their turnaround time from three to five days on residential plan review.	Not mentioned	The operations of the Carrollton Building Services Department are unique. They state that they compare only to San Diego in nature. They call themselves a "One Stop Shop". Their functions vary greatly, as they complete ALL inspections, from standard to civil to streets and public infrastructure.	None mentioned	None mentioned
Recent Changes in Department	None Mentioned	City of Austin has recently done a reorganization to bring building, electrical, mechanical, plumbing, environmental inspection under Building Review Department.	None mentioned	None mentioned	None mentioned
Revenue Increase/Decrease	Revenue has been increasing steadily over the past year. The Department makes most of its money on the large ticket items. If they were to incorporate a Third Party Administrator, they would lose a bulk of their revenue, but still be required to maintain the same amount of staff due to the time consuming larger ticket items.	Not mentioned	Although revenues have seen a decline, the City has recently increased their fees. They expect a future increase in revenues.	Not mentioned	Ft. Worth has approximately 1-1.2 million in waived fees to third party contractors. However, there revenues have steadily increased each year. They have not seen a drop in revenue since third party inception.

	Arlington	Austin	Texas Carrollton	Dallas	Fort Worth
FTEs Increase/Decrease		Due to retirements and budget decreases over the last few years department has lost 5 FTE of inspectors, 1 FTE in permit center, and 3 FTE in plan review. Decreased growth due to Austin's poor economy has resulted in a reduced workload for the Building Review Department allowing them to keep current despite the decreases in staffing.	Due to budgetary constraints they have experienced a decrease in FTEs. However, this is slight, only four FTEs have been lost over the last couple of years.	Not mentioned	None – This was used as an addition to the business already in place at the time.
Reason for Acceptance/Denial	When considering the option, Arlington actually visited the City of Fort Worth. They understand the reasons Fort Worth incorporated a TPA into their program, but did not feel that the City of Arlington was experiencing the same troubles as Fort Worth.	An Audit of these services revealed that the quality of wallboard, insulation, energy inspections, which are routine and do not involve health/safety/welfare of public, were not satisfactory. The private companies had no vested interest in the inspections being right. They had to please to builders/contractors to keep business.	None Mentioned	Liability problems. A Committee formed to look at various functions to privatize in the City of Dallas elected to keep all "safety functions", including building permits and plan review, in house.	Building Industry was complaining about the City Building Permit Process. This caused City Council to take the step toward Third Party. They asked the industry for input. The industry was for the addition. No citizen input was requested. No studies were conducted prior to inception.
Problems/Issues	None mentioned	None Mentioned	None Mentioned	None Mentioned	In Fort Worth the primary issue is the difference in knowledge and regulations between neighboring cities. Many of the inspectors hired come from a different city with different rules. Their primary roadblock has been making sure all inspectors comply with Fort Worth regulations.
Factors for Consideration	None mentioned	Private inspectors not able to take care of local government requirements like enforcing City ordinances or zoning codes.	The primary consideration for Carrollton to consider the move to a TPA would be cost issues and their ability to profitably run the Building Services Division. However, they feel they a great deal of institutional knowledge would be lost with the change.	None Mentioned	None Mentioned

	Texas				
	Arlington	Austin	Carrollton	Dallas	Fort Worth
Additional Information	<p>Arlington primarily performs Residential inspections. In the Arlington Area, commercial inspections are not as predominant as they are in Fort Worth.</p>	<p>Plan review does not tie in with land use/master plans. Inspections were done with much less quality than those completed by City staff. Ms. Gallagher recommended that El Paso have its legal department look into the feasibility of going with TPA for building inspections and plan review in light of the recent changes to State of Texas building code requirements. If the El Paso must contract out the City should find a way to make contractor liable. El Paso should consider what authority it is giving away to an outside contractor.</p>	<p>None mentioned</p>	<p>Mr. Holmes claimed that Ft. Worth tried to get other cities in region to go with TPA but no cities elected to do this. Mr. Holmes alleged that as a result of adopting TPA for Building Permits/Plan Review the City Budget went up by one million dollars. More staff was hired to administer the program and there were an increased number of board hearings and appeals</p>	<p>Another problem is that the City is not happy with the performance of some of the Third Party Administrators in operation. The City is then forced to take extra care in follow-up inspections. When errors are found from a TPA inspection, the builders still are required to correct the errors. Since the Third Party is not hired through a contract, but through City ordinance, they have no recourse to affect the daily business of the TPA. Consumer word of mouth primarily determines the business volume of the TPA. The City does not have the authority to close the operations of a company not following City Code. However, since the City maintains authority, they have the power to have the builders correct all errors that third party may have missed.</p>

Research Prepared by Office of Management and Budget

8/8/2003

	Grapevine	Irving	Texas Richardson	San Antonio	Waco
Contact Name, Title Contact Number	Scott Williams, Building Official 817-410-3165	Gregg Mays, Building Inspections Manager 972-721-2550	Steve Boone, Chief Commercial Plan Reviewer 972-744-4191	Alex Garcia, Development Services Manager 210-207-8232	George Walker, Building Official 245-750-5612
Use of TPA	No	No	No	No	No
Number of Companies	N/A	N/A	N/A	N/A	N/A
Length of Use	N/A	N/A	N/A	N/A	N/A
Responsibilities Retained	N/A	N/A	N/A	N/A	N/A
Fees Retained	N/A	N/A	N/A	N/A	N/A
Additional Duties Since Inception	N/A	N/A	N/A	N/A	N/A
Third Party Portion	N/A	N/A	N/A	N/A	N/A
as Study Done	No	Yes, Two years ago.	No official study has been completed. However, they have thought about the possibility.	Yes, two years ago	No official study has been completed. However, they looked at the issue about fifteen years ago.

	Grapevine	Irving	Texas Richardson	San Antonio	Waco
Synopsis of Study	N/A	Department/City found that the companies that bid were higher in price on the plan review portion. They found it to not be cost effective for the industry. City will fax study to OMB.	N/A	Department/City investigated what type of credentials, bonding, and liability insurance they would require of the TPA. City officials looked at the organization of work and a possible cap on fees the private company could charge. The City bases its fees on valuation of the property. The TPA would need to be ICBO (International Congress of Building Officials) Certified.	The department feels that there has been no budgetary condition to allow for the transition to a TPA. The industry is satisfied with the work performance of the department.
Special Services	The City uses an outside company to perform Energy Code inspections only.	The City has recently begun to incorporate energy inspections as well as erosion control inspections into their department.	None mentioned	None mentioned	None mentioned
Recent Changes in Department	None mentioned	None mentioned	None mentioned	Reorganization plus additional staffing. Development Department has moved to a new facility built around a "one stop counter." Department plans to conduct 2/3 of plan review at the counter and the rest of the larger more complicated residential and construction projects by staff within the Department. Department has two plan review managers and two teams for larger residential and commercial construction projects.	None mentioned
Revenue Increase/Decrease	Grapevine has seen a steady increase in the number of inspections and related revenue over the past several years.	The department feels that they are not as busy as they have been in past years. The number of inspections and permits issued has remained constant. However, the values of those permits have decreased. This is due to less new building and more remodels, etc.	Revenues are down slightly from last year. The only explanation given as to why this may be was the economy.	Not mentioned	Revenues have increased slightly.

	Grapevine	Irving	Texas Richardson	San Antonio	Waco
FTEs Increase/Decrease	None – Although the City has grown they have not been able to increase their FTEs due to budget constraints.	The staffing is down about 10% over previous years. Although no FTEs have been deleted, there has been a hiring freeze. However, the industry feels that their service has been maintained through decreased staffing.	They have seen a decrease in FTEs because of limited budgets. The City of Richardson had an early retirement program as well as a hiring freeze. Through these, they have lost three individuals.	Development Department has approached full staffing over the last two years. Expertise of staff at one stop counter has increased efficiency.	There has been no change in the staffing table over the past several years.
Reason for Acceptance/Denial	The department feels that they have adequate staff to handle all permitting and inspection needs. The City does state that they have pondered the use of a Third Party Administrator and have two companies in the area that they could contract with, should the need arise. However, they simply do not feel the need for the addition of these services at this time.	The department feels that they have adequate staff to handle all permitting and inspection needs. They plan to restudy the issue next year. They feel that the use of a Third Party Administrator would be a good idea. They feel acceptance would depend on the size and type of company willing to perform such services. This is particularly because of the specialized inspections performed at this department.	The Department states that they have adequate turnaround times and that the industry is satisfied with their performance. They do not feel a change is needed.	The 2001 Unified Development Code Requires San Antonio to complete inspection of all commercial construction projects within 35 days. Reorganization of Development Services Department; move to new facility, plus increased staff has resulted in lower turnaround time for plan review.	The department feels that their revenues exceed their appropriations. They feel that plan review earns a high dollar value for the City and would not be beneficial to the City if given to a TPA.
Problems/Issues	None mentioned		None mentioned	Problems with what type of insurance and bonding San Antonio would require of its third party administrator. According to Mr. Garcia there were problems working with City Attorney's Office in the language of the agreement that would be binding on the City of San Antonio.	None mentioned
Factors for Consideration	None mentioned	The department does feel many factors should be taken into consideration before acceptance. They are concerned about the reduction of City staff. Their primary concern would be if issues should arise as to timeliness and quality of the third party administrator's inspection services, would the City be adequately able to handle issues if they have depleted their staff? However, they are in favor of completing another study next year.	The Department is concerned about the loss of staff as a result of the use of a TPA and the inability to recover them once lost. They are also concerned about the loss of control over the inspection and plan review process. Another big concern would be the loss of control over code application.	None mentioned	The department states that they primarily do not have time to perform studies regarding the use of a TPA. They stated that their primary concern within the department would be that the Plan Review employee (They only have one) is overloaded with work.

	Grapevine	Irving	Texas Richardson	San Antonio	Waco
Additional Information	None mentioned	None mentioned	None mentioned	For certain specific types of inspections the Development Department receives letters from certifying authorities (e.g. structural engineer) for approval of foundation inspections, insulation inspections, and structural steel inspections. These letters constitute approval of these specific types of inspections and builders do not have to wait for Development Department to come out and take a look.	None mentioned

Research Prepared by Office of Management and Budget

9/8/2003

	Glendale	Long Beach	California Los Angeles	San Diego	San Francisco
Contact Name, Title Contact Number	Jon Bear, Assistant Director 818-548-3200	Georgia Richmond, Principal Devel Svs Dir 562-570-6651	Nick Delliquadri, Asst Chief Bldg Inspector 213-482-0440	Gary Halbert, Asst Director 619-446-5022	Wing Lau, Chief Bldg Inspector 415-558-6135
Use of TPA	Yes - Plan Review only		No		Has the ability to by ordinance but refuse to do so.
Number of Companies	Indepentent individuals - About 5% of workload		N/A		Used only for Specialized Projects
Length of Use	Three Years		N/A		N/A
Responsibilities Retained	Used only as an independent contractor		N/A		N/A
Fees Retained	All		N/A		N/A
Additional Duties Since Inception	None		N/A		N/A
Third Party Portion	The individuals charge an hourly fee on a contractual basis to the City. This is beneficial because these employees charge a little less or the same of what the employees are paid.		N/A		N/A
Was Study Done	Unknown		No - This city is opposed to TPAs. Has worked with serveral cities in the area and has found that they are not happy with the companies that provide this service. As a larger City, he feels that he can easily handle the workload given to him.	No	
Synopsis of Study	N/A				N/A
Special Services	None		None		This City has was is called a Site Permit Process. They take the money first and then begin the permitting process.
Recent Changes in Department	None		None		None
Revenue Increase/Decrease	Not Given		Revenue has been very good, steadily increasing over the last few years. In fact, plan review revenue has increased 15% this year.		Although the workload has not increased, revenue has increased slightly in the past year
FTEs Increase/Decrease	Not Given		Staff has decreased due to a hiring freeze within the City. However, activity has either increased or remained constant, making it difficult to meet activity goals.		Although they are currently short staffed, they have not seen a dramatic drop in FTEs.

	Glendale	Long Beach	California Los Angeles	San Diego	San Francisco
Reason for Acceptance/Denial	The Department feels that it is important to know the individual the City would be contracting with and their work product. They understand the importance of building a trusting relationship with open communications. It is important to verify the credentials and past work product of that independant contractor.		This department disagrees with the induction of a TPA primarily due to poor work product.		The department feels that it takes too much time to use a TPA.
Problems/Issues	None		None Given		The industry is highly satified with the work product the this Department
Factors for Consideration	With this City, there are many organizations that have to be coordinated with to create new business. Therefore, a TPA is not as feasible as in a smaller City.		None Given		
Additional Information	This is used for overflow and peak periods only. Currently, they are short staffed and need to use these contractors more often.		This department has a special program to allow for higher industry support. Although their normal turnaround time is within fifteen days, they have what they call "Off Hour Plan Review." This is where they increase the fee by 50% and guarantee start-up of five days. They state that the industry is highly supportive of this fee increase.		

	California	
	Santa Clarita	Santa Monica
Contact Name, Title Contact Number	Jon Bear, Former Assistant Director See Glendale	Manny Mendazada, Chief Plan Check Engineer 310-458-8355-5096
Use of TPA	Yes	Yes - Plan Review only
Number of Companies	Three Companies-50% of work	One - Esgil
Length of Use	Many Years	Over Three Years
Responsibilities Retained	They go through an outside contractor and the fees are similar to that of a temporary agency. That is, higher than one would pay their own employee, but with the benefit of no obligation to hire.	
Fees Retained	They pay 50% of IBC Fees, However, the fees charged to industry are 40% higher than IBC.	
Additional Duties Since Inception	The City must have one additional employee for customer service for those particular jobs.	
Third Party Portion	Primarily does only Architecture and Structural Inspections. The City retains the zoning and planning functions as well as permit paperwork.	
Was Study Done	Unknown - They have done this since this director was in charge.	
Synopsis of Study		
Special Services	None	
Recent Changes in Department	None	
Revenue Increase/Decrease	Not Given	Increase of 3% in the past year
Personnel Increase/Decrease	Not Given	They are seriously understaffed currently.

	California	
	Santa Clarita	Santa Monica
Reason for Acceptance/Denial	The department feels that it is important to spot check the work of the TPA. However, they do not like that they are responsible for the errors that may occur.	Do not like to outsource plan review due to inconsistency in work product. Department feels that they do not do an adequate job and are trying to phase them out.
Problems/Issues		
Factors for Consideration	This City is a high growth City. Thus, the need for additional help had to be incorporated. Also, this City does not have a lot of coordination between association, etc. This helps with ease of communication to the TPA.	Was very insistant that quality control is lost when using a TPA.
Additional Information	The department feels that it is important to allow the TPA to do large projects only. This is allows for an adequate profit on both parties account.	Department uses companies primarily for Plumbing Plan Review.

	Tallahassee	Tampa Bay	Florida Miami - Dade County	City of Miami	Orlando
Contact Name, Title	Ronny Spooner, Building Official	Nick D'andrea, Manager Commercial Plan Review	Michael Goolsby, Chief Code Compliance Division	Joe Ferras, Building Official	Tom Hite, Building Official
Contact Number	850-891-7050	813-259-1766	305-375-2901	305-416-1107	407-246-2525
Use of TPA	No. City has provisions for private providers. Inspection turnaround times are still twenty-four hours. Plan review takes between 30 and 60 days.	No. City has provisions for the use of private providers but the turnaround times are so good in house there is no perceived need for this service in Tampa	Yes	Yes	No. City has provisions for owners to use private providers mandated by the state. City has a provision for private providers
Number of Companies	Unknown	Unknown	1. Only 1 group has met Miami-Dade County registration requirements. Insurance industry unwilling to provide liability insurance for program B below due to the risk.	4 Contractors based in Miami. City has an open purchase order with one outside consultant they used extensively in the first 6 months of the fiscal year.	Unknown
Length of Use	October 2002	October 2002	For Permit by Affidavit, since March 2002. Alternate Plan review and inspection program has been in effect since October 2002.	Beginning of FY 2003. City of Miami pays its contractor a flat 65\$ per hour for inspection or plan review work it sends their way.	October 2002
Responsibilities Retained	N/A	N/A	For program A above all responsibility for plan review and inspections rest with building official. For program B responsibility rests with private contractor necessitating private insurance.	Not Mentioned	
Fees Retained	N/A	N/A	Not mentioned	Not Mentioned	
Additional Duties Since Inception	N/A	N/A	Not mentioned	Not Mentioned	
Third Party Portion	N/A	Providers must be used for both plan review and inspections services on the same project.	Not mentioned	Not Mentioned	
Was Study Done	Not mentioned	Not mentioned	Not mentioned	Not Mentioned	
Synopsis of Study	N/A	N/A	N/A	Not Mentioned	N/A
Special Services	None mentioned	None mentioned	None mentioned	None mentioned	
Recent Changes in Department	None mentioned	None mentioned	None mentioned	None mentioned	
Revenue Increase/Decrease	Not mentioned	Not mentioned	Not mentioned	Revenue has risen steadily over the last several years due to an increase in the amount of construction going on in the City. Revenues are projected to be over 6 million dollars this year.	This department brings in 5-6 million dollars in revenue every year to the general fund of the City.
TEs Increase/Decrease	Not mentioned	Not mentioned	Not mentioned	Department has 13 plan reviewers, 48 building inspectors, 14 permit/counter clerks, and 14 administrative staff.	Department currently has 15 plan reviewers and 27 inspectors on staff. Construction has dropped since 9/11 and department has had to make some adjustments due to budget shortfalls but their staff has remained constant over the last few years

	Tallahassee	Tampa Bay	Florida Miami - Dade County	City of Miami	Orlando
Reason for Acceptance/Denial	If an owner elected to go with a private provider for plan review or inspections the City of Tallahassee would still have to review the inspections and plans. A state requirement that the local government audit the private provider would mean owners would have to pay private provider and City and have inspections/plan review done twice.	Use of private providers is allowed by a recent change in a state statute. Some localities in the state were not performing to the satisfaction of the development community so they lobbied the state for the change.	The programs are intended to expedite the plan review and inspection process.	Staff is sufficient to handle the current volume of work. Department had to resort to the private contractor last year to handle a construction boom in the City of Miami. State adopted a new building code in 2002 and plans were submitted under the old code. This increase in business required the City to use their private contractor to handle the additional workload.	Turnaround time for inspections or plan review is not a huge issue in Orlando. If the owner goes with a private provider he must pay City permit fees as well as whatever charges there would be from the private provider. The private provider, per state statute, can only be used for services related to the building code which "is not the bottleneck" in the plan review process. Mr. Hite contends that any delays in the plan review process are usually due to reviews by land development, fire code or water district code.
Problems/Issues	There are no private providers in the Tallahassee area currently Mr. Spooner believes that on large projects using a private provider could be efficient because inspections could be scheduled to the contractors liking. Due to workload the City can only schedule one inspection per site per day at the most. If there were problems with an inspection the contractor would have to wait at least a day to get reinspected if he was using a City inspector.	None mentioned	Development Community wants to expedite the plan review/inspections process. Plans A. and B. above were intended to shorten the time periods for inspection and review. Insurance companies unwilling provide liability insurance of the kind required by statute.	There have been no problems with City of Miami's use of their contract company to do overflow work for them.	When the state law was changed to allow for private providers a whole list of stipulations was added which seems to deter engineering and architectural firms from coming forward to provide this service. In addition companies must carry at least 1 million dollars worth of liability insurance with a 5 year tail. Also the City can elect to review plans or inspect construction site when it wishes.
Factors for Consideration	City of Tallahassee has excellent turnaround times for Commercial and Residential Inspections. There is sometimes a requirement to do after hours or weekend inspections due to workload. Plan review times are between 30-60 days. Plan review delays are due to a building boom in the area and the bureaucratic difficulties in hiring and keeping appropriate staff.	City of Tampa has excellent turnaround times for Commercial and Residential Plan review and Inspections. There currently is no perceived need for private providers.	In the past development has been in the incorporated areas on the coast. Coastal areas are all built out so new construction is occurring in the non-incorporated areas of Miami-Dade County.	No alternate private provider has come forward since the change in Florida state law in FY 2002 allowing property owners to go with a private provider for inspections/plan review. Mr. Ferras believes the state liability insurance with the 5-year tail is a deterrent.	Staff is sufficient to handle the workload. Department reviews commercial plans in 10 working days and residential in 3-4 working days. Inspections are given within 24 hours.
Additional Information	The state requirement that the private provider have liability insurance with a 5-year tail is probably the reason where there aren't many companies that have come forward to do this work. Mr. Spooner believes that state law was enacted permitting private providers due to some sever problems with inspection/plan review turnaround times in south Florida; specifically Miami-Dade County.	Mr. D'Andrea believes that the beyond the good job City of Tampa is doing the major impediment to private providers in the Tampa Bay area is the liability insurance requirement.	A. Permit by affidavit Program: Up to the building official to accept plans, government entity maintains liability B. Alternate Plan Review and Inspection: This program by discretion of the Owner. State statute and Local government ordinance requires liability insurance with 5 year tail. Building inspectors and plan reviewers must have proper certifications. None Given		State law that has been in effect since October 2002 has a long list of stipulations to follow for private providers to be registered with the local government.

Prepared by Office of Management and Budget.

8/8/2003

	Florida	
	Gainesville	Jacksonville
Contact Name, Title	Doug Murdock, Building Official	Jim Shock, Building Inspections Manager
Contact Number	352-334-5050	904-630-1100
Use of TPA	No. City has provisions for owners to use private providers mandated by the state. City has a provision for private providers.	Yes. The City used a private contractor in the past but now they have sufficient staffing to efficiently handle the workload and provide reasonable turnaround times on plan review and inspections
Number of Companies	Unknown	Three
Length of Use	October 2002	October 2002
Responsibilities Retained	N/A	Not Given
Fees Retained	N/A	Not Given
Additional Duties Since Inception	N/A	Not Given
Third Party Portion	N/A	Not Given
Was Study Done	Not mentioned	Not Mentioned
Synopsis of Study	N/A	N/A
Special Services	The City does offer a fast track plan review process. They hold a group plan review and charge 2X permit fee.	Not Mentioned
Recent Changes in Department	None mentioned	None Mentioned
Revenue Increase/Decrease	Revenue has increased approximately 2% each year since Mr. Murdock took position in 1989. Building Department brings in revenue of 800,000-900,000 per year to the general fund.	City uses a fee schedule to determine charges for building permits. Waiting for more information from City. C.L. Googe (914) 630-1101
TEs Increase/Decrease	Three years ago staff increased from 6 inspectors to 10. Plan reviewers increased from 2 to 4. Department also has 1 Fire protection engineer and 4 office staff. Staff is sufficient to handle the workload.	Jacksonville Building Department has 10 plan reviewers and 22 building inspectors. Staff is sufficient to handle the workload.

	Florida	
	Gainesville	Jacksonville
Reason for Acceptance/Denial	The cost to the owner is prohibitive plus the turnaround times for inspections and plan review are not a problem in Gainesville.	None Mentioned
Problems/Issues	None mentioned	Problems with alternate plan review/permit by affidavit involve the liability insurance that is required. Owners must essentially pay twice. They must pay City for building permit and they must pay the private provider whatever they charge for their services.
Factors for Consideration	None mentioned	For alternate plan reviews and inspections there are problems. There is a learning curve for Architects and Engineers when they begin doing plan review or building inspections.
Additional Information	State law issued in program for Owners to use private provider two years ago. If Owners elect to go with this service they must pay private provider what they charge and also pay the City the building permit fee. This law still does not prevent City from reviewing plans and inspections of private provider.	None mentioned

	Clark County, Nevada	Tucson, Arizona	Phoenix, Arizona	Albuquerque, NM
Contact Name, Title Contact Number	Rodger Conde, Manager of Plans Examination 702-455-8011	Jesse Sanders, Management Services Division 520-792-5550	Steve Ducavich, Personnel Officer 602-262-7811	Margaret Garcia, Assistant Director 505-924-3860
Use of TPA	Yes, for plan review only. Inspections are all done in house except for "specialized testing" required by County for concrete, bolts, and structural steel. County maintains a certified list of service providers for clients.	Used only for Specialized Services for instance, stress on concrete.	Have used in the past, but have currently moved away from, except for in peak service times and specialized reviews	
Number of Companies	Four	N/A	Used contracted individuals and paid an hourly rate to the firm	
Length of Use	Since 1999 four companies. Clark County initially experimented with TPA using 1 company then increased that to two finally discovering that the workload demanded 4 companies.	N/A		
Responsibilities Retained	The plan review division uses contractors based on the workload the department is facing. No major projects are sent out to TPA for plan review. This would include projects for Hotels, Casinos, and High Rise Buildings.	N/A		
Fees Retained	Fees are based on assessed valuation of property. Plan review receives 65% of the permit fee charged to builder. Plan review pays contractors 85% of the aforementioned fee if the contractor does a comprehensive plan review. Review of only specific plans would result in a much lower fee being paid. Plan review keeps the additional 15% to recover overhead cost, but otherwise passes entire fee on to contractor.	N/A		
Additional Duties Since Inception	Clark County does minimal quality reviews of the work done by consultants. Clark County retains the liability for plans that are approved with in error. The contractors have errors and omissions insurance plus liability insurance. The County would go after the contractor to recover some of the damages if negligence is found on the contractor's part.	N/A	The department feels that they create double work when they have to re-enter the notes, etc into the City's computer system.	
Third Party Portion	Clark County uses contractors to review plans for stand alone parking structures, warehouses, apartment buildings, as well as some single-family dwellings.	N/A		
Was Study Done		None		
Synopsis of Study		N/A		
Special Services		None		
Recent Changes in Department		None		
Revenue Increase/Decrease	Revenue has increased over the last 10 years for the Building Division. Ten years ago the department reviewed plans totaling 500 million in assessed valuation. This year the Building division reviewed plans with an assessed valuation of three billion dollars.	Revenue is the same maybe slightly higher.	Revenues have increased slightly over the past several years. The economy has not effected the growth drastically in Phoenix.	
FTEs Increase/Decrease	Clark County has gradually increased employees over the last 10 years, in both plan review and inspections, but this increase is not related to the use of TPA. Clark County uses its four contractors to do the work that the plan review section cannot efficiently handle. The plan review section has 41 employees and the inspection section has approximately 131 employees. Staff levels have increased but that increase is related to the booming construction industry in Las Vegas.	Have remained the same	Staffing has increased dramatically. It has gone from 320 to 380 FTEs within a few years.	
Reason for Acceptance/Denial	Clark County uses contractors to handle the overflow workload that the department regularly receives due to the development boom in the Las Vegas metropolitan region. It was determined that during this growth boom outside contractors would be used to handle the extra work rather than hiring and subsequently laying off permanent County employees.	Department feels that the industry is highly satisfied with the services provided and does not deem that steps toward a TPA are necessary.	The only way that the City will accept a plan review contract is if it is as specific as possible to meet the Department's goals.	

	Clark County, Nevada	Tucson, Arizona	Phoenix, Arizona	Albuquerque, NM
Problems/Issues	<p>The major complaint that the plan review section gets is that the consultants are "too thorough." Many times contractors/design firms are issued a correction letter by the consultant listing numerous corrections that are "petty" and have "not based on building code." The biggest problem in the plan review division is revisions. When the builder gets in the field with a building permit, which includes approved plans, they often find that plans meet code but are not buildable. The Las Vegas housing market is geared to serve customers and there is a tremendous amount of revisions in the single family housing market. The plan review division charges 55\$/hour to recover costs on revisions. The TPA contractor is used for revisions only when the contractor originally reviewed plans.</p>			
Factors for Consideration	<p>The only issues that this department would consider would be consistency of work.</p> <p>Completely disbarred the use of third party for inspections as they did not meet the needs of the department</p> <p>The department has shown some success with the use of a TPA, but mainly with civil projects. Other jobs have normally not been up to the City's standards.</p>			
Additional Information	<p>The Building Division is in an enterprise fund. State law requires their revenues and expenditures balance, but this is interpreted loosely. Last year the Building Division moved into a new 14 million dollar building they paid for with cash. This enterprise fund department has a budget of approximately 28 million per year. Clark County has issued approximately 66,000 permits (notice to construct) in the last 6 months. This will result in a total of 1,320,000 inspections. The Inspection division maintains a 24-hour turnaround time on inspections. The inspection division does 2,700 inspections per day. The volume of work, plus many large projects (e.g. hotels, casinos) result in large revenues to the building division. The plan review section uses express plan review when plans are submitted and the client "can't wait". The plan review fee in this case is four times what is normally charges and is handled after hours using overtime. After hours express review by plan review staff does not disrupt the normal flow or work in the division. TPA contractors are used for express review and they receive 50% None</p> <p>The department feels that the only way for this process to work is with good communication skills to the supervisor of the TPA. The department feels that the smoother the process flows, the higher the success rate.</p>			

	Glendale	Long Beach	California Los Angeles	San Diego	San Francisco
Contact Name, Title Contact Number	Jon Bear, Assistant Director 818-548-3200	Georgia Richmond, Principal Devel Svs Dir 562-570-6651	Nick Delliquadri, Asst Chief Bldg Inspector 213-482-0440	Ali Fattah, Asst Director 619-446-5092	Wing Lau, Chief Bldg Inspector 415-558-6135
Use of TPA	Yes - Plan Review only	No	Yes, plan review only	Has the ability to by ordinance but refuse to do so.	
Number of Companies	Indepentent individuals - About 5% of workload	N/A	Use of contract employees	Used only for Specialized Projects	
Length of Use	Three Years	N/A	Had used in the past and is now decreasing the amount of use	N/A	
Responsibilities Retained	Used only as an independent contractor	N/A	N/A	N/A	
Fees Retained	All	N/A	N/A	N/A	
Additional Duties Since Inception	None	N/A	N/A	N/A	
Third Party Portion	The individuals charge an hourly fee on a contractual basis to the City. This is beneficial because these employees charge a little less or the same of what the employees are paid.	N/A	N/A	N/A	
Was Study Done	Unknown	No - This city is opposed to TPAs.	No	No	
Synopsis of Study	N/A	Has worked with serveral cities in the area and has found that they are not happy with the companies that provide this service. As a larger City, he feels that he can easily handle the workload given to him.	Not mentioned	N/A	
Special Services	None	None	None mentioned	This City has was is called a Site Permit Process. They take the money first and then begin the permitting process.	
Recent Changes in Department	None	None	None mentioned	None	
Revenue Increase/Decrease	Not Given	Revenue has been very good, steadily increasing over the last few years. In fact, plan review revenue has increased 15% this year.	Activities and Inspections have been increasing. However, because of a law suit and trouble with fee collections, the revenues have not increased	Although the workload has not increased, revenue has increased slightly in the past year	
Staffs Increase/Decrease	Not Given	Staff has decreased due to a hiring freeze within the City. However, activity has either increased or remained constant, making it difficult to meet activity goals.	Staffing levels have been low due to hiring freeze.	Although they are currently short staffed, they have not seen a dramatic drop in FTEs.	

	Glendale	Long Beach	California Los Angeles	San Diego	San Francisco
Reason for Acceptance/Denial	<p>The Department feels that it is important to know the individual the City would be contracting with and their work product. They understand the importance of building a trusting relationship with open communications. It is important to verify the credentials and past work product of that independant contractor.</p> <p>This department disagrees with the induction of a TPA primarily due to poor work product.</p> <p>The City is not happy with the use of a third party administrator and cautions against its use.</p> <p>The department feels that it takes too much time to use a TPA.</p>				
Problems/Issues	None		None Given	<p>The City experienced two problems. First, a third party is more concerned with quantity completed versus quality of work done. Therefore, the city had trouble when giving them larger projects. However, when they attempted to give smaller projects, they had more auditing and more complaints from the industry</p> <p>The industry is highly satisfied with the work product the this Department</p>	
Factors for Consideration	<p>With this City, there are many organizations that have to be coordinated with to create new business. Therefore, a TPA is not as feasible as in a smaller City.</p>		None Given	<p>The manager cautioned me on one item. He stated to be careful on the amount of fees paid to the thrid party. The City initially began with 85% of the plan review fee and found that the department was not recovering their costs. They then lowered it to 50%. They now do hourly rates with contract employees. He stated that this was more cost effective.</p>	
Additional Information	<p>This is used for overflow and peak periods only. Currently, they are short staffed and need to use these contractors more often.</p>		<p>This department has a special program to allow for higher industry support. Although their normal turnaround time is within fifteen days, they have what they call "Off Hour Plan Review." This is where they increase the fee by 50% and guarantee start-up of five days. They state that the industry is highly supportive of this fee increase.</p>		

	California	
	Santa Clarita	Santa Monica
Contact Name, Title	Jon Bear, Former Assistant Director	Manny Mendazada, Chief Plan Check Engineer
Contact Number	See Glendale	310-458-8355-5096
Use of TPA	Yes	Yes - Plan Review only
Number of Companies	Three Companies-50% of work	One - Esgil
Length of Use	Many Years	Over Three Years
Responsibilities Retained	They go through an outside contractor and the fees are similar to that of a temporary agency. That is, higher than one would pay their own employee, but with the benefit of no obligation to hire.	
Fees Retained	They pay 50% of IBC Fees, However, the fees charged to industry are 40% higher than IBC.	
Additional Duties Since Inception	The City must have one additional employee for customer service for those particular jobs.	
Third Party Portion	Primarily does only Architecture and Structural Inspections. The City retains the zoning and planning functions as well as permit paperwork.	
Was Study Done	Unknown - They have done this since this director was in charge.	
Synopsis of Study		
Special Services	None	
Recent Changes in Department	None	
Revenue Increase/Decrease	Not Given	Increase of 3% in the past year
Personnel Increase/Decrease	Not Given	They are seriously understaffed currently.

	California	
	Santa Clarita	Santa Monica
Reason for Acceptance/Denial	The department feels that it is important to spot check the work of the TPA. However, they do not like that they are responsible for the errors that may occur.	Do not like to outsource plan review due to inconsistency in work product. Department feels that they do not do an adequate job and are trying to phase them out.
Problems/Issues		
Factors for Consideration	This City is a high growth City. Thus, the need for additional help had to be incorporated. Also, this City does not have a lot of coordination between association, etc. This helps with ease of communication to the TPA.	Was very insistant that quality control is lost when using a TPA.
Additional Information	The department feels that it is important to allow the TPA to do large projects only. This is allows for an adequate profit on both parties account.	Department uses companies primarily for Plumbing Plan Review.